

## Message Text

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PAGE 01 BRASIL 00581 221228Z

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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O 221145Z JAN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 7409

C O N F I D E N T I A L BRASILIA 0581

EXDIS

E. O. 11652: GDS

TAGS: PFOR, ETRD, BR

SUBJECT: LETTER ON TRADE REFORM ACT AND COFFEE AGREEMENT  
TO THE SECRETARY FROM FOREIGN MINISTER SILVEIRA

REF: A. STATE 9362; B. STATE 279663

1. THE FOLLOWING ARE COMMENTS ON SILVEIRA'S LETTER TO THE  
SECRETARY ON TRADE REFORM ACT AND COFFEE AGREEMENT:

2. SILVEIRA'S MOST RECENT LETTER TO THE SECRETARY RAISES  
QUESTION OF U.S. ATTITUDE TOWARDS "INDEXATION" ON POSSIBLE  
NEW PRICE BAND IN COFFEE AGREEMENT (REFTEL A PARA 13).  
WHILE FULLY CONGNIZANT OF U.S. PBLICY ON THIS POINT (REFTEL B  
PARA 2), EMBASSY RECOMMENDS THAT SECRETARY'S FORTHCOMING  
RESPONSE BE COUCHED IN AMBIGUOUS TERMS AVOIDING FIRM NEGA-  
TIVE RESPONSE, WHICH WOULD FORECLOSE FURTHER CONSIDERATION  
OF THIS ISSUE. WE BELIEVE THAT DEPARTMENT'S EARLIER POSTURE IS  
STILL VALID: FOR TACTICAL REASONS ALONE, USG SHOULD NOT  
GIVE A FLATLY NEGATIVE ANSWER AT THIS TIME.

3. CONSIDERATIONS IN SUPPORT OF THIS RECOMMENDATION ARE:

A. OUTRIGHT REFUSAL BY USG FORECLOSING FURTHER CONSIDERATION  
OF ISSUE COULD BE USED BY GOB AND OTHER COFFEE PRODUCERS  
TO LAY BLAME FOR BREAKDOWN OF NEGOTIATIONS ON U.S.. TO  
EXTENT ATTITUDE TOWARDS NEW AGREEMENT BY VARIOUS PRODUCER  
GROUPS ARE AMBIVALENT -- OR SOME PRODUCERS MAY, IN FACT,  
DESIRE TO AVOID ANY EFFECTIVE AGREEMENT -- DANGER OF THIS  
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PAGE 02 BRASIL 00581 221228Z

HAPPENING IS ENHANCED.

B. AS FAR AS EMBASSY IS AWARE, ALL OTHER CONSUMERS ARE ALL (OR FOR THE MOST PART) STRONGLY OPPOSED TO INDEXATION OF COFFEE PRICES. BUT IT IS FACT OF LIFE US ATTITUDE IS CONSIDERED CRITICAL TO OUTCOME OF FORTHCOMING NEGOTIATIONS. WE SEE NO REASON WHY US SHOULD SHOULDER BLAME FOR OUTCOME WHICH IS DESIRED BY MOST CONSUMER COUNTRIES. SILVEIRA'S LETTER MAY BE PARTIALLY DESIGNED TO SMOKE US OUT, TO FORCE USG OUT OF ITS POSITIVE (BUT AT LEAST IN BRAZILIAN EYES) NEUTRAL STANCE IN LONDON MEETING. WE SEE NO PARTICULAR REASON WHY USG SHOULD PLAY INTO GOB HANDS WHEN IT DOESN'T SERVE US INTERESTS TO DO SO.

C. THERE ARE CURRENTLY A NUMBER OF ECONOMIC ISSUES FOR NEGOTIATION WHICH ARE ALREADY EXERTING A NEGATIVE INFLUENCE ON US/BRAZIL RELATIONSHIP -- SHRIMP FISHING, TEXTILES, COAL, BRAZILIAN CONCERN OVER TITLE II OF THE TRADE ACT, LEATHER HANDBAGS AND SHOES WITH A FEW OFFSETTING ELEMENTS-- AND IT WOULD SEEM PRUDENT TO AVOID EXASPERATING THE SITUATION.  
CRIMMINS

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, COFFEE, TRADE AGREEMENTS, DIPLOMATIC COMMUNICATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 JAN 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BRASIL00581  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750023-1167  
**From:** BRASILIA  
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**Office:** ACTION SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** 75 STATE 9362, 75 STATE 279663  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 JUN 2003 by ShawDG>; APPROVED <26 JUN 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LETTER ON TRADE REFORM ACT AND COFFEE AGREEMENT TO THE SECRETARY FROM FOREIGN MINISTER SILVEIRA  
**TAGS:** PFOR, ETRD, US, BR, (SILVEIRA, ANTONIO AZEREDO DA)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006